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FM AMEMBASSY MANAMA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 6904

INFO RUCNIRA/IRAN COLLECTIVE PRIORITY

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C O N F I D E N T I A L MANAMA 000520

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E.O. 12958: DECL: 06/07/2017

TAGS: ETTC EPET ENRG PREL BA IROEGION ECTRD

SUBJECT: BAHRAIN: IRAN SANCTIONS ACT AND REPORTS OF NATURAL GAS PROJECT

REF: A. STATE 74354

1B. MANAMA 0419

Classified By: Ambassador William T. Monroe for reasons 1.4 (b) and (d)

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11. (C) Pol/Econ Chief June 7 delivered Ref A demarche concerning the Iran Sanctions Act and reports of a possible Bahrain-Iran natural gas project to MFA Assistant Under Secretary for Coordination and Follow Up Shaikh Abdul Aziz

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bin Mubarak Al Khalifa, noting that the Ambassador had already discussed the issue with Minister of Oil and Gas Affairs Mirza (Ref B). Shaikh Abdul Aziz said that from Bahrain's perspective, "the last place we want to look" for natural gas is Iran. However, Bahrain is desperate for gas as fuel for the country's power generation plants, and this desperation "makes us look at all sources, leaving no stone unturned."

12. (C) Qatar, Shaikh Abdul Aziz said, is Bahrain's preferred, logical source for natural gas. But after extensive consultations, the GOQ told Bahrain that it would be unable to make a decision until 2009 about the possible provision of gas in 2010. He said that the Bahraini side had raised with the GOQ reports that Chevron had canceled a contract for a large quantity of gas (he thought it was 2,000 trillion cubic feet (tcf)). Bahrain had said it would purchase 500 tcf, 25 percent of the total. The Qatari government replied that it could not do it because Qatari industry needed to use the gas. Bahrain proposed that it could take just 300 tcf, but the Qatars did not respond. Shaikh Abdul Aziz asked for USG assistance in convincing Qatar to sell the gas to Bahrain.

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